



General Assembly

Substitute Bill No. 5712

February Session, 2002

AN ACT CONCERNING RENEWABLE ENERGY AND ENERGY CONSERVATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (26) of subsection (a) of section 16-1 of the
2 general statutes, as amended by section 7 of public act 01-204, is
3 repealed and the following is substituted in lieu thereof (*Effective July*
4 *1, 2002*):

5 (26) "Class I renewable energy source" means energy derived from
6 solar power, wind power, a fuel cell, methane gas from landfills, or a
7 biomass facility, including, but not limited to, a biomass gasification
8 plant that utilizes land clearing debris, tree stumps or other biomass
9 that regenerates or the use of which will not result in a depletion of
10 resources, provided such facility begins operating on or after July 1,
11 1998, except that the production of electricity from a sustainable
12 biomass facility that exceeds the facility's three-year average
13 production of electricity for the period of 1995 to 1997, inclusive, may
14 be considered a Class I renewable energy source, provided the average
15 emission rates for such facility are equal to or less than 0.1 pounds of
16 nitrogen oxides per million BTU of heat input for the previous
17 calendar quarter and 0.15 pounds of sulfur oxides per million BTU of
18 heat input for the previous calendar quarter and such biomass is
19 cultivated and harvested in a sustainable manner.

20 Sec. 2. Subsection (a) of section 16-1 of the general statutes, as
21 amended by section 1 of public act 01-49 and section 7 of public act 01-
22 204, is amended by adding subdivision (40) as follows (*Effective July 1,*
23 *2002*):

24 (NEW) (40) "Distributed generation" means the generation of
25 electricity on the premises of an end user within the transmission and
26 distribution system including fuel cells, microturbines, photovoltaic
27 systems or small wind turbines.

28 Sec. 3. Section 16-243h of the general statutes is repealed and the
29 following is substituted in lieu thereof (*Effective July 1, 2002*):

30 On and after January 1, 2000, each electric supplier, as defined in
31 section 16-1, as amended by this act, and any electric distribution
32 company providing, pursuant to section 16-244c, as amended by this
33 act, standard offer, default or back-up services, shall give a credit for
34 any electricity generated by a residential customer from a Class I
35 renewable energy source or a hydropower facility as described in
36 subdivision (27) of subsection (a) of section 16-1. The electric
37 distribution company providing electric distribution services to such a
38 customer shall make such interconnections necessary to accomplish
39 such purpose. An electric distribution company, at the request of any
40 residential customer served by such company and if necessary to
41 implement the provisions of this section, shall provide for the
42 installation of metering equipment that (1) measures electricity
43 consumed by such customer from the facilities of the electric
44 distribution company, (2) deducts from the measurement the amount
45 of electricity produced by the customer and not consumed by the
46 customer, and (3) registers, for each billing period, the net amount of
47 electricity either [(i)] (A) consumed and produced by the customer, or
48 [(ii)] (B) the net amount of electricity produced by the customer. A
49 residential customer who generates electricity from a generating unit
50 with a name plate capacity of more than ten kilowatts of electricity
51 pursuant to the provisions of this section shall be assessed for the
52 competitive transition assessment, pursuant to section 16-245g and the

53 systems benefits charge, pursuant to section 16-245l based on the
54 amount of electricity consumed by the customer from the facilities of
55 the electric distribution company without netting any electricity
56 produced by the customer. For purposes of this section, "residential
57 customer" means a customer of a single-family dwelling or
58 multifamily dwelling consisting of two to four units.

59 Sec. 4. Section 16-244c of the general statutes is amended by adding
60 subsection (g) as follows (*Effective July 1, 2002*):

61 (NEW) (g) An electric distribution company providing default
62 service in accordance with subsection (b) of this section or back-up
63 electric generation services in accordance with subsection (c) of this
64 section shall comply with the portfolio standards pursuant to section
65 16-245a, as amended by this act. Any such electric distribution
66 company that fails to comply with the portfolio standards when
67 renewable energy sources are available within the jurisdictions
68 specified in section 16-245a, as amended by this act, shall make a
69 payment to the department to be allocated to the Renewable Energy
70 Investment Fund for the development of Class I renewable energy
71 sources. The department shall annually set a range of the amount of
72 such payment on a cent per kilowatt hour basis following a hearing
73 that is conducted as a contested case in accordance with chapter 54
74 which amount shall be not less than the difference between the
75 average cost of production of Class I renewable energy sources for the
76 previous year and the electric distribution company's rate for
77 providing default or back-up service, as applicable, to the customer
78 class for which the electric distribution company charges its lowest
79 rate.

80 Sec. 5. Subsection (l) of section 16-245 of the general statutes is
81 repealed and the following is substituted in lieu thereof (*Effective*
82 *October 1, 2002*):

83 (l) Any person who fails to comply with a license condition or who
84 violates any provision of this section, except for subsection (g) of this

85 section, shall be subject to [sanctions] civil penalties by the Department
86 of Public Utility Control in accordance with section 16-41, [which may
87 include, but are not limited to,] or the suspension or revocation of such
88 license or a prohibition on accepting new customers by the
89 Department of Public Utility Control following a hearing that is
90 conducted as a contested case in accordance with chapter 54. Any
91 person who fails to comply with the portfolio standards in accordance
92 with subsection (g) of this section when renewable energy sources are
93 available within the jurisdictions specified in section 16-245a, as
94 amended by this act, shall make a payment to the department to be
95 allocated to the Renewable Energy Investment Fund for the
96 development of Class I renewable energy sources. The department
97 shall annually set a range of the amount of such payment on a cent per
98 kilowatt hour basis following a hearing that is conducted as a
99 contested case in accordance with chapter 54 which amount shall be no
100 less than the difference between the average cost of production of
101 Class I renewable energy sources for the previous year and such
102 person's rate for providing electric generation services to the customer
103 class for which the person charges its lowest rate.

104 Sec. 6. Section 16-245a of the general statutes is repealed and the
105 following is substituted in lieu thereof (*Effective October 1, 2002*):

106 (a) [To be licensed under section 16-245, an applicant for a license]
107 An electric supplier and an electric distribution company providing,
108 pursuant to section 16-244c, as amended by this act, default service or
109 back-up generation service shall demonstrate to the satisfaction of the
110 Department of Public Utility Control that not less than one-half of one
111 per cent of its total electricity output or services shall be generated
112 from Class I renewable energy sources and an additional five and one-
113 half per cent of the total output or services shall be from Class I or
114 Class II renewable energy sources. On and after July 1, [2001] 2003, not
115 less than three-fourths of one per cent of the total output or services of
116 any such supplier or distribution company shall be generated from
117 Class I renewable energy sources and an additional five and one-half
118 per cent of [the total] such output or services shall be from Class I or

119 Class II renewable energy sources. On and after July 1, [2002] 2004, not
120 less than one per cent of such output or services shall be generated
121 from Class I renewable energy sources and an additional [five and
122 one-half] six per cent of [the total] such output or services shall be from
123 Class I or Class II renewable energy sources. On and after July 1, [2003]
124 2005, not less than one and one-half per cent of such output or services
125 shall be generated from Class I renewable energy sources and an
126 additional [five and one-half] six per cent of [the total] such output or
127 services shall be from Class I or Class II renewable energy sources. On
128 and after July 1, [2004] 2006, not less than two per cent of [the total
129 output of any such supplier] such output or services shall be generated
130 from Class I renewable energy sources and an additional six per cent
131 of [the total] such output or services shall be from Class I or Class II
132 renewable energy sources. On and after July 1, [2005] 2007, not less
133 than two and one-half per cent of [the total output of any such
134 supplier] such output or services shall be generated from Class I
135 renewable energy sources and an additional six per cent of [the total]
136 such output or services shall be from Class I or Class II renewable
137 energy sources. On and after July 1, [2006] 2008, not less than three per
138 cent of [the total output of any such supplier] such output or services
139 shall be generated from Class I renewable energy sources and an
140 additional six per cent of [the total] such output or services shall be
141 from Class I or Class II renewable energy sources. On and after July 1,
142 [2007] 2009, not less than four per cent of [the total output of any such
143 supplier] such output or services shall be generated from Class I
144 renewable energy sources and an additional [six] seven per cent of [the
145 total] such output or services shall be from Class I or Class II
146 renewable energy sources. On and after July 1, [2008] 2010, not less
147 than five per cent of [the total output of any such supplier] such output
148 or services shall be generated from Class I renewable energy sources
149 and an additional [six] seven per cent of [the total] such output or
150 services shall be from Class I or Class II renewable energy sources. On
151 and after July 1, [2009] 2011, not less than six per cent of [the total
152 output of any such supplier] such output or services shall be generated
153 from Class I renewable energy sources and an additional seven per

cent of [the total] such output or services shall be from Class I or Class II renewable energy sources. An electric supplier or electric distribution company providing, pursuant to section 16-244c, as amended by this act, default service or back-up generation service may satisfy the requirements of this subsection by purchasing Class I or Class II renewable energy sources within the jurisdiction of the regional independent system operator, the New York Independent System Operator, or its successor organization as approved by the Federal Energy Regulatory Commission, or the PJM Interconnection, LLC, or its successor organization as approved by the Federal Energy Regulatory Commission or by participating in a renewable energy trading program within said jurisdictions as approved by the [state] Department of Public Utility Control. Any supplier who provides electric generation services solely from a Class II renewable energy source shall not be required to comply with the provisions of this section.

(b) An [applicant's demonstration] electric supplier or an electric distribution company providing, pursuant to section 16-244c, as amended by this act, default service or back-up generation service shall base its demonstration of generation sources, as required under subsection (a) of this section [, shall be based] on historical data, which may consist of data filed with the regional independent system operator.

(c) A supplier or an electric distribution company providing, pursuant to section 16-244c, as amended by this act, default or back-up generation service may make up the deficiency within its generation service portfolio within the first three months of a calendar year accordingly to meet the generation source requirements of subsection (a) of this section for the previous year.

[(c)] (d) The department [may] shall adopt regulations pursuant to chapter 54 to implement the provisions of this section.

Sec. 7. Subsection (a) of section 16-245m of the general statutes is

186 repealed and the following is substituted in lieu thereof (*Effective July*
187 *1, 2002*):

188 (a) On and after January 1, 2000, the Department of Public Utility
189 Control shall assess or cause to be assessed a charge of [three] two and
190 three quarters mills per kilowatt hour of electricity sold to each end
191 use customer of an electric distribution company to be used to
192 implement the program as provided in this section for conservation
193 and load management programs but not for the amortization of costs
194 incurred prior to July 1, 1997, for such conservation and load
195 management programs.

196 Sec. 8. Subsection (d) of section 16-245m of the general statutes is
197 repealed and the following is substituted in lieu thereof (*Effective*
198 *October 1, 2002*):

199 (d) (1) The Energy Conservation Management Board shall advise
200 and assist the electric distribution companies in the development and
201 implementation of a comprehensive plan, which plan shall be
202 approved by the Department of Public Utility Control, to implement
203 cost-effective energy conservation programs and market
204 transformation initiatives. Each program contained in the plan shall be
205 reviewed by the electric distribution company and either accepted or
206 rejected by the Energy Conservation Management Board prior to
207 submission to the department for approval.

208 (2) Programs included in the plan shall be screened through cost-
209 effectiveness testing which compares the value and payback period of
210 program benefits to program costs to ensure that programs are
211 designed to obtain energy savings whose value is greater than the
212 costs of the programs. Program cost-effectiveness shall be reviewed
213 annually, or otherwise as is practicable. If a program is determined to
214 fail the cost-effectiveness test as part of the review process, it shall
215 either be modified to meet the test or shall be terminated. On or before
216 January 31, 2001, and annually thereafter until January 31, 2006, the
217 board shall provide a report to the joint standing committees of the

218 General Assembly having cognizance of matters relating to energy and
219 the environment which documents expenditures, fund balances and
220 evaluates the cost-effectiveness of such programs conducted in the
221 preceding year.

222 (3) [Such programs] Programs included in the plan may include, but
223 not be limited to: [(1)] (A) Conservation and load management
224 programs; [(2)] (B) research, development and commercialization of
225 products or processes which are more energy-efficient than those
226 generally available; [(3)] (C) development of markets for such products
227 and processes; [(4)] (D) support for energy use assessment, engineering
228 studies and services related to new construction or major building
229 renovation; [(5)] (E) the design, manufacture, commercialization and
230 purchase of energy-efficient appliances and heating, air conditioning
231 and lighting devices; [(6)] (F) program planning and evaluation; and
232 [(7)] (G) public education regarding conservation. Such support may
233 be by direct funding, manufacturers' rebates, sale price and loan
234 subsidies, leases and promotional and educational activities. Any other
235 expenditure by the collaborative shall be limited to retention of expert
236 consultants and reasonable administrative costs provided such
237 consultants shall not be employed by, or have any contractual
238 relationship with, an electric distribution company. Such costs shall
239 not exceed five per cent of the total revenue collected from the
240 assessment.

241 Sec. 9. Subsection (b) of section 16-245n of the general statutes is
242 repealed and the following is substituted in lieu thereof (*Effective July*
243 *1, 2002*):

244 (b) On and after January 1, 2000, the Department of Public Utility
245 Control shall assess or cause to be assessed a charge of not less than
246 one-half of one mill per kilowatt hour charged to each end use
247 customer of electric services in this state which shall be deposited into
248 the Renewable Energy Investment Fund established under subsection
249 (b) of this section. On and after July 1, 2002, such charge shall be [three-
250 quarters of] one mill and on and after July 1, 2004, such charge shall be

251 one and one-quarter mill.

252 Sec. 10. Subsection (d) of section 16-245n of the general statutes is
253 repealed and the following is substituted in lieu thereof (*Effective*
254 *October 1, 2002*):

255 (d) The chairperson of the board of directors of Connecticut
256 Innovations, Incorporated, shall convene a Renewable Energy
257 Investments Advisory Committee to assist Connecticut Innovations,
258 Incorporated, in matters related to the Renewable Energy Investment
259 Fund, including, but not limited to, development of a comprehensive
260 plan and expenditure of funds. The advisory committee shall include
261 not more than twelve individuals with knowledge and experience in
262 matters related to the purpose and activities of said fund. The advisory
263 committee shall consist of the following members: (1) One person with
264 expertise regarding renewable energy resources or renewable energy
265 policy appointed by the speaker of the House of Representatives; (2)
266 one person representing a state or regional organization primarily
267 concerned with environmental protection appointed by the president
268 pro tempore of the Senate; (3) one person with experience in business
269 or commercial investments appointed by the majority leader of the
270 House of Representatives; (4) one person representing a state or
271 regional organization primarily concerned with environmental
272 protection appointed by the majority leader of the Senate; (5) one
273 person with experience in business or commercial investments
274 appointed by the minority leader of the House of Representatives; (6)
275 one person with experience in business or commercial investments
276 appointed by the minority leader of the Senate; (7) two state officials
277 with experience in matters relating to energy policy and one person
278 with expertise regarding renewable energy resources appointed by the
279 Governor; and (8) three persons with experience in business or
280 commercial investments appointed by the board of directors of
281 Connecticut Innovations, Incorporated. The advisory committee shall
282 issue annually a report to such chairperson reviewing the activities of
283 the fund in detail and shall provide a copy of such report to the joint
284 standing committee of the General Assembly having cognizance of

285 matters relating to energy.

286 Sec. 11. Section 16-245p of the general statutes is repealed and the
287 following is substituted in lieu thereof (*Effective January 1, 2004*):

288 (a) [Upon being issued a license pursuant to section 16-245, an] An
289 electric supplier and an electric distribution company providing,
290 pursuant to section 16-244c, as amended by this act, default service or
291 back-up generation service shall submit information to the Department
292 of Public Utility Control that the department, after consultation with
293 the Consumer Education Advisory Council, established under section
294 16-244d, determines will assist customers in making informed
295 decisions when choosing an electric supplier, including, but not
296 limited to, the information provided in subsection (b) of this section.
297 Each supplier or electric distribution company providing, pursuant to
298 section 16-244c, as amended by this act, default service or back-up
299 generation service shall submit, on a form prescribed by the
300 department, quarterly reports containing information on rates and any
301 other information the department deems relevant, including, but not
302 limited to, any change in the information as required by the
303 department. After the department has received the information
304 required pursuant to this subsection, the supplier shall be eligible to
305 receive customer marketing information from electric or electric
306 distribution companies, as provided in section 16-245o, as amended by
307 this act.

308 (b) The Department of Public Utility Control shall maintain and
309 make available to customers upon request, a list of electric aggregators
310 and the following information about each electric supplier, as defined
311 in section 16-1, as amended by this act, and each electric distribution
312 company providing, pursuant to section 16-244c, as amended by this
313 act, default service or back-up generation service: (1) Rates and
314 charges; [provided by an electric supplier;] (2) applicable terms and
315 conditions of a contract for electric generation services; [provided by
316 an electric supplier;] (3) the percentage of [each supplier's] the total
317 electric output derived from each of the categories of energy sources

318 provided in subsection (e) of section 16-244d, the rates at which each
319 facility operated by or under long-term contract to the electric supplier
320 or providing generation services to an electric distribution company
321 providing, pursuant to section 16-244c, as amended by this act, default
322 service or back-up generation service emits nitrogen oxides, sulfur
323 oxides, carbon dioxide, carbon monoxide, particulates, heavy metals
324 and other wastes the disposal of which is regulated under state or
325 federal law, and the analysis of the environmental characteristics of
326 each such category of energy source prepared pursuant to subsection
327 (e) of said section 16-244d and to the extent such information is
328 unknown, the estimated percentage of the [electric supplier's] total
329 electric output for which such information is unknown, along with the
330 word "unknown" for that percentage; (4) a record of customer
331 complaints and the disposition of each complaint; and (5) any other
332 information the department determines will assist customers in
333 making informed decisions when choosing an electric supplier. The
334 department shall update the information at least quarterly. The
335 department shall put such information in a standard format so that a
336 customer can readily understand and compare the services provided
337 by each electric supplier.

338 Sec. 12. (*Effective July 1, 2002*) The Department of Public Utility
339 Control shall, within available resources, conduct a study that
340 examines different means to encourage end users of electricity to
341 conserve electricity, including, but not limited to, the use of enhanced
342 time-of-day metering or seasonal rates. Not later than January 1, 2003,
343 the department shall submit a report on its findings and
344 recommendations to the joint standing committee of the General
345 Assembly having cognizance of matters relating to energy, in
346 accordance with the provisions of section 11-4a of the general statutes.

347 Sec. 13. (*Effective from passage*) Notwithstanding the provisions of
348 section 13 of public act 01-9 of the June special session, the Department
349 of Public Utility Control shall not authorize any further disbursements
350 from the Energy Conservation and Load Management Funds to the
351 General Fund. Any such disbursed funds that are unencumbered or

352 not allotted on the effective date of this act shall be returned to said
353 department and deposited in the Energy Conservation and Load
354 Management Funds in the same proportion in which such funds were
355 disbursed.

356 Sec. 14. (*Effective July 1, 2002*) Section 16-6c of the general statutes is
357 repealed.

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| This act shall take effect as follows: | |
| Section 1 | <i>July 1, 2002</i> |
| Sec. 2 | <i>July 1, 2002</i> |
| Sec. 3 | <i>July 1, 2002</i> |
| Sec. 4 | <i>July 1, 2002</i> |
| Sec. 5 | <i>October 1, 2002</i> |
| Sec. 6 | <i>October 1, 2002</i> |
| Sec. 7 | <i>July 1, 2002</i> |
| Sec. 8 | <i>October 1, 2002</i> |
| Sec. 9 | <i>July 1, 2002</i> |
| Sec. 10 | <i>October 1, 2002</i> |
| Sec. 11 | <i>January 1, 2004</i> |
| Sec. 12 | <i>July 1, 2002</i> |
| Sec. 13 | <i>from passage</i> |
| Sec. 14 | <i>July 1, 2002</i> |

ENV *Joint Favorable Subst.*

APP *Joint Favorable*